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Shopping with elephants: coming to terms with nepotism in the retail space

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Do consumers who share similarities in traits with retail employees stand to receive special benefits? This was a question that bugged Mark Rosenbaum, an assistant professor in marketing at the Northern Illinois University, after his friend had received a significantly large, unauthorised discount at the airport. It was there and then that he stumbled upon the notion of nepotism in the retail space.

To explain 'retail nepotism', Rosenbaum drew on group nepotism theory to show that people, when driven by in-group favouritism, can display discriminatory behaviours. A speaker at the inaugural [Global Conference on Service Excellence](http://www.smu.edu.sg/centres/ises/igcse2009/index.asp) (<http://www.smu.edu.sg/centres/ises/igcse2009/index.asp>), organised by Singapore Management University's (SMU) Institute of Service Excellence, Rosenbaum spoke of how his survey respondents had gotten discounts, complimentary upgrades and superior service simply because they identified themselves to share similar traits with the retail staff; a socio-collective bond. He termed such benefits 'family allowances', because for they are dispensed with the notion of taking care of one's own tribe.

Consumers form communities or "servicescape tribes", according to Rosenbaum, based on shared identities shaped by similar life experiences, rituals or communal goals. Research has shown that members within these "tribes" consume goods and services that strengthen their sense of kinship to the group – a behaviour that might be described as narcissistic, because members tend to be biased towards "their own kind".

"When I go shopping in Cambodia and I want to buy something, I'd ask a Cambodian student to come with me because I know the Cambodian student will get a better price than I would if I was alone. The Cambodian student either negotiates for me or gets me a better price by being with me; the mere fact that I have a local with me shows the employee that I've got a contact in Cambodia; that I'm not a typical foreigner; that I'm more like 'family'. And why do I bring a local to go shopping with me for large items? Because I want a better price and I know retail nepotism occurs," he said.

Members only

Within "servicescape tribes", group nepotism theory posits that members believe they are entitled to benefits by virtue of membership. Rosenbaum noted, "People who share a common socio-collective kinship are often inclined to believe that they are entitled to aid from like-others despite their ability to reciprocate. For example, university students often solicit alumni about job prospects and expect their assistance simply because they share a similar college education."

Such behavioural quirks can be attributed to a basic human need to cooperate. Anthropological studies label this as 'unsolicited pro-sociality' – the motivation for humans to collaborate with strangers and people they may never meet again. Pro-social behaviour includes the sharing of observable, physical goods, and subsequently, the sharing of emotions and intentions. In the retail space, the expression of such pro-social behaviours can come in the form of free samples, upgrades, discounts (observable and physical) or recommendations, advice and friendship (emotions and shared intentions).

To prove that retail nepotism exists, Rosenbaum, together with co-researcher Gianfranco Walsh from the University of Koblenz-Landau, interviewed two minority groups: ethnic Turks in Germany and gay men in mid-western America. Their study showed that family allowances existed 70% of the time amongst ethnic Turks and 43% of the time for gay respondents. These family allowances include perks such as free products (e.g. free accessories with a mobile phone purchase, extra food portions, and free drinks) and value-added service (e.g. unofficial discounts, hotel room upgrades, airline upgrades, and queue-jumps).

Tangible benefits aside, the respondents experienced a sense of kinship and community – feelings that comforted them, thereby facilitating the sharing of information. Respondents also said that they felt respected by retail employees who shared their same trait; which made them feel especially comfortable, compared to interactions with non-like employees. One ethnic Turk reported that she chose to speak to a financial advisor who was also an ethnic Turk because he offered better tips. A gay respondent said he received excellent service at a restaurant because a fellow gay waiter took extra efforts to attend to the table and recommend items on the menu.

Past studies have shown that when customers feel comfortable and display a willingness to share information, satisfaction, trust and commitment are likely to follow. Rosenbaum noted, however, that such behaviours are

especially common where tribes face stigmatisation or discrimination in the larger environment. "I wouldn't expect an ethnic Turk to receive benefits in Istanbul, and I wouldn't expect a gay customer to receive discounts on a gay-inclusive cruise. It wouldn't mean anything. I think retail nepotism means something to like-customers when they are distinct in the environment because then it signals: we're going to take care of each other."

Signals and cues

Before a person can begin to show favouritism towards a 'kin', he must first detect similarities. Rosenbaum and Walsh noted anthropological research that pointed to people's innate "similarity-to-self mechanisms"; a means by which we inspect others so as to recognise kin. Applying this to their study, the researchers identified several signals that effectively communicated kinship within the retail setting.

For one, physical appearance was also identified as a significant cue, along with language and accent. So if, for example, an ethnic Turk were to look somewhat similar to an Albanian or Lebanese, language and accent enhanced the respondents' abilities to discern kinship. Family allowances were also given to customers whom employees recognise as members of the community, such as friends and acquaintances of extended family members.

Amongst gay respondents, Rosenbaum and Walsh cited the presence of an internal radar, or 'gaydar', as a signalling mechanism. Studies have suggested that this is an "intuitive or perceptual sensibility" that enables gay people to identify one another. The researchers also found that gay respondents employed symbols and artefacts to signal kinship; such as tattoos, publications and clothing. One gay respondent claimed that a gay employee had identified him because he wore a human rights campaign sweatshirt.

Elephant in the retail store

It comes as no surprise that those on the receiving end of family allowances enjoy receiving discounts, benefits and superior service - and happy customers are good for retailers. Respondents said they felt "nice" and "special" when they receive family allowances. An ethnic Turk retail employer said that when he is friendly and gives a fellow 'kin' discounts, that customer leaves the store feeling happy and will likely return in the future. It's a win-win situation.

Upon receiving family allowances, both gay and ethnic Turkish groups of customers reported feeling heightened loyalty towards fellow retail employees. A notable finding in the study was that both groups were likely to "broadcast marketplace experiences" or spread positive word-of-mouth to their family and friends. Rosenbaum cautioned, however, that customers excluded from family allowances do not take well to such practices.


The researchers surveyed two groups of undergraduate Americans and Germans to find out how they would respond to the knowledge that other customers had access to family allowances. While most respondents registered awareness of retail nepotism, but most of them said that they would react negatively if they discovered that a store was providing like-customers with family allowances. Some would go as far as to boycott a store.


"It's a form of discrimination, even if the customers on the receiving end enjoy it. The other customers (who are deprived of a similar treatment) are actually receiving inferior service for no other reason than the lack of a socio-collective bond," Rosenbaum said, stressing that while most people frown upon family allowances, they will ignore such behaviour, as long as it exists covertly. The researchers liken this to an "elephant in the room" - an obvious reality ignored.

Though the notion of dispensing family allowances might be motivated by a sense of altruism towards certain customers, there are positive and negative consequences to consider. Retail organisations might receive positive word of mouth, greater customer satisfaction and enhanced loyalty from tribes that have benefited from family allowances. However, the researchers suggested that such behaviours might also breed discriminatory attitudes and environments within the organisation.

Can such behaviours be discouraged? Rosenbaum is pessimistic. "Retail nepotism is a form of discrimination. Organisations can train employees on discrimination; that favouritism to like-customers can be as bad as discrimination against un-alike customers... Biological forces encourage humans to take care of their own kind, so I don't know if organisational policies will be powerful enough to remedy human inclinations to take care of 'family'," he noted. So while there is no doubt that retail nepotism is wrong, Rosenbaum is confident that it shall always remain, in essence, an elephant in the retail space.

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